

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Medicaid Impact, 1997 Welfare Reform - Centennial Hospitals													
2										EXHIBIT 16.3				
93														
94	c) Seek Care	94.0%												
95	Centennial													
96	Net impacted cases, adjusted for percent who Seek Care													
97														
98														
99	d) Incremental revenue from Medicaid 'leavers' with private ins.													
100	Loss of Medicaid After Welfare Reform													
101	less: Not-Insured													
102	Total Insured													
103	Comm to Medicaid rate													
104	Incremental Comm rev	1.43												
105														
106	Summary													
107														
108	e) Seek Care													
109	Centennial													
110														
111	Total Base Impact													
112														
113	d) plus: Inc Comm payments on insured cases													
114														
115														
116	Allocation % of Base Impact													
117	Centennial													
118														
119	Allocation of In Comm payments													
120	Centennial													
121														
122	Total Inc. Adjustments													
123														
124														
125														
126														
127														
128														
129														
130														

Sources / Notes:

- (1) June 30, 1998 AHERF Patient Financial Services report.
- (2) June 30, 1997 Year End AHERF Financial Reporting Summary.
- (3) "Health Care and Welfare: An Update of Findings from State-Level Leaver Studies", Center on Budget and Policy Priorities, by Jocelyn Guyer, August 16, 2000.
- (4) "Medicaid in Pennsylvania", Peg J. Dierkers, Deputy Secretary for Medical Assistance Programs, Department of Public Welfare, 3/2000.
- (5) 3/19/96 memo from Stephen H. Spargo summarizing impact of General Assistance Cuts on AHERF facilities.
- (6) Based on 1997 AHERF-East Medicaid collections (YE Financial Reporting Summary, 7/17/96 (PR-SEC 00979)), and AHERF East Medicaid discharges (AHERF Financial Reporting Summary, June 1997 (DB-CM-10-00370)).

A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Medicaid Impact, 1996 Welfare Reform - Centennial Hospitals												
2													
3													
4	OBJECTIVE												
5													
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Derive estimate of Centennial Hospital Reductions due to General Assistance Cuts based on approached used by State of PA (1) in DVOG hospital estimates

RESULT SUMMARY

	MCP	HUH	DVOG	AGH	SCHC	Centennial Graduate	Centennial City Ave.
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NPR (1)	\$ 180,072	\$ 302,900	\$ 402,825	\$ 136,546	\$ 161,636	\$ 103,562	
Medical Assistance Reimbursement	49,508	38,406	28,019	15,205	10,234	17,039	
Reductions due to General Assistance Cuts	\$ 8,827	\$ 6,126	\$ 5,712	\$ 3	\$ 1,848	\$ 3,077	
Reductions %	17.8%	16.0%	20.4%	0.0%	18.1%	18.1%	

Centennial cuts derived based on DVOG state of PA estimates

Sources / Notes:

- (1) DVOG from 3/19/98 memo from Stephen Spargo to Sheriff Abdelhak (DM2036 TIF page 1 of 34); Centennial from PA Health Care Cost Containment Council (PHC4), 1995 NPR reporting.
- (2) Centennial Medical Assistance Reimbursement based on Medicaid % NPR reported in 1997 PHC4 reports applied to NPR.
- (3) Centennial reductions due to General Assistance cuts percentage based on DVOG hospital, less SCHC, average.

A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Malpractice Insurance Cost Impact - Centennial Hospitals												
2													
3	OBJECTIVE												
4													
5	Determine the increase in CAT fund and malpractice premiums over 1997 base line												
6													
7	METHODOLOGY												
8													
9	\$ Impact = Actual CAT Fund increase in each year 1997, 1998 and estimated 1999 over actual 1996												
10													
11	RESULT SUMMARY												
12													
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34	CALCULATION DETAIL												
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A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Malpractice Insurance Cost Impact - Centennial Hospitals												
2									EXHIBIT 16.5				
68	Total Net Patient Revenue												
69	AHERF base entities (a)												
70	AGH	Allegheny General Hospital		\$ 403,861,000	\$ 394,561,000	\$ 441,088,000	\$ 450,131,000	\$ 450,131,000	\$ 450,131,000				
71	DVOG	AUH, Bucks County		44,520,000	47,953,000	50,293,000	44,479,000	44,479,000	44,479,000				
72	DVOG	AUH, Elkins Park		55,546,000	57,798,000	57,297,000	48,006,000	48,006,000	48,006,000				
73	DVOG	AUH, MCP		180,072,000	189,993,000	212,698,000	180,211,000	180,211,000	180,211,000				
74	DVOG	St. Christopher's Children		\$ 127,317,000	\$ 134,149,000	\$ 132,029,000	\$ 120,360,000	\$ 120,360,000	\$ 120,360,000				
75	AHERF entities added FY95 (b)												
76	DVOG	AUH, Hahnemann		\$ 302,900,000	\$ 322,470,000	\$ 315,099,000	\$ 290,132,000	\$ 290,132,000	\$ 290,132,000				
77	AHERF entities added FY97 (c)												
78	AUMC	AUMC, Allegheny Valley		\$ -	\$ -	\$ 25,300,724	\$ 67,576,062	\$ 67,576,062	\$ 67,576,062				
79	AUMC	AUMC, Canonsburg		-	-	-	27,614,862	27,614,862	27,614,862				
80	AUMC	Forbes Regional Hospital		-	-	49,693,892	96,618,360	96,618,360	96,618,360				
81	Centennial	AUH, City Ave & Parkview		-	-	16,612,246	101,744,000	101,744,000	101,744,000				
82	Centennial	AUH, Graduate		-	-	25,175,334	178,199,000	178,199,000	178,199,000				
83	%NPR												
84	AHERF base entities (a)												
85	AGH	Allegheny General Hospital		50%	48%	49%	53%	53%	53%				
86	DVOG	AUH, Bucks County		5%	6%	6%	5%	5%	5%				
87	DVOG	AUH, Elkins Park		7%	7%	6%	6%	6%	6%				
88	DVOG	AUH, MCP		22%	23%	24%	21%	21%	21%				
89	DVOG	St. Christopher's Children		16%	16%	15%	14%	14%	14%				
90	AHERF entities added FY95 (b)												
91	DVOG	AUH, Hahnemann		100%	100%	100%	100%	100%	100%				
92	AHERF entities added FY97 (c)												
93	AUMC	AUMC, Allegheny Valley		100%	100%	100%	100%	100%	100%				
94	AUMC	AUMC, Canonsburg		22%	22%	22%	14%	14%	14%				
95	AUMC	Forbes Regional Hospital		0%	0%	0%	6%	6%	6%				
96	Centennial	AUH, City Ave & Parkview		43%	43%	43%	20%	20%	20%				
97	Centennial	AUH, Graduate		14%	14%	14%	22%	22%	22%				
98	AHERF base entities (a)												
99	AGH	Allegheny General Hospital		100%	100%	100%	100%	100%	100%				
100	Est. DVOG Impact (\$000)												
101	DVOG	AUH, Bucks County		\$ -	\$ -	\$ (1,453)	\$ (4,341)	\$ (4,341)	\$ (4,249)				
102	DVOG	AUH, Elkins Park											
103	DVOG	AUH, MCP											
104	DVOG	St. Christopher's Children											
105	AHERF entities added FY95 (b)												
106	DVOG	AUH, Hahnemann											
107	AHERF entities added FY97 (c)												
108	AUMC	AUMC, Allegheny Valley											
109	AUMC	AUMC, Canonsburg											
110	AUMC	Forbes Regional Hospital											
111	Centennial	AUH, City Ave & Parkview											
112	Centennial	AUH, Graduate											
113	AHERF base entities (a)												
114	DVOG	AUH, Bucks County											
115	DVOG	AUH, Elkins Park											
116	DVOG	AUH, MCP											
117	DVOG	St. Christopher's Children											
118	AHERF entities added FY95 (b)												
119	DVOG	AUH, Hahnemann											
120	DVOG Total												
121													
122	FY1995 FY1996 FY1997 FY1998 FY1999												
123	AHERF entities added FY97 (c)												
124	AUMC	AUMC, Allegheny Valley											
125	AUMC	AUMC, Canonsburg											
126	Centennial	Forbes Regional Hospital											
127	Centennial	AUH, City Ave & Parkview											

Source: PA Health Care Cost Containment Council Hospital Financials
Used for facility level allocation (1999 based on 1998 actual)

Calculated

Used for facility level allocation

A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Malpractice Insurance Cost Impact - Centennial Hospitals												
2													
128													
129	Sources:												
130	Source												
131	AHREF letter to Governor Ridge Re: CAT Fund increase, 12/97												
132	PA Health Care Cost Containment Council Hospital Financials												
133	PA Medical Society, "History of Mandatory Coverage & Medical Liability Reform"												
134	http://www.hartfordco.com/news_detail.cfm?id=1359&date=17												
135	Physician's News Digest, "CAT Fund Fight Brings Historical Tort Reform", 12/96												
136													
137	Notes:												
138	(a) Base entities:												
139	Allegheny General Hospital												
140	Bucks County Hospital												
141	Elkins Park Hospital												
142	Medical College of PA Hospital												
143	St. Christopher's Hosp for Children												
144	(b) Entities added FY95:												
145	Hahnemann University Hospital												
146	(c) Entities added FY97:												
147	Forbes Health System												
148	Graduate Health System												
149	Allegheny Valley Hospital												
150	Cannonsburg General Hospital												
151	(d) PA physicians purchase malpractice insurance in a two layered fashion - a primary coverage of \$300,000 per occurrence obtained from a commercial carrier and a mandatory excess liability												
152	obtained from the state run CAT (Catastrophic Loss) Fund.												
153	(e) PA Medical Society - CAT Fund imposed an emergency surcharge 12/95, providers forced to pay the 1996 annual surcharge of 164% several months later.												
154	(f) Physician's News Digest - CAT Fund proposed surcharge of 254% in 1997.												

EXHIBIT 16.5



Exhibit 17 – Materials Considered List

The following is a list of materials that I, Robert A. Dickinson, reviewed or relied upon in the preparation of my report dated November 9, 2004.

Case Materials

1. PwC Response to Unsecured Creditors First Amended Complaint.
2. Report of R. Bruce Den Uyl, September 3, 2004.
3. Response of the Official Committee of Unsecured Creditors of AHERF to Defendant PricewaterhouseCoopers, LLP's First Set of Interrogatories.
4. Robert W. Berliner Supplementary Expert Report, September 3, 2004.
5. Supplemental Response of the Official Committee of Unsecured Creditors of AHERF to Defendant PricewaterhouseCoopers, LLP's First Set of Interrogatories.
6. Thomas W. Singleton, Turnaround Evaluation as of September 30, 1996, Expert Report dated August 2004.
7. Unsecured Creditors First Amended Complaint.

Depositions and Affidavits

8. Anne Morse Deposition
9. Anthony Sanzo Deposition
10. Calvin Bland Deposition
11. Charles Martin Deposition
12. Daniel Stickler Deposition
13. David R. Mayeux Deposition
14. Edward Malmstrom Deposition
15. Harvey Levy Deposition
16. Judy Harrington Deposition
17. Lorrie Warner Declaration
18. Margaret McGoldrick Deposition
19. Mary Goessler, M.D. Deposition
20. Patrick Hurst Affidavit
21. Patrick Hurst Deposition
22. Robert M. McNair, Jr. Deposition
23. Shelly Gebar Deposition
24. Thomas W. Singleton Deposition

Documents

25. "Allegheny Integrated Health Group, Strategic Business Plan, AHERF, December 1994". DBR-AA22586-22618.
26. "Delaware Valley Planning Initiative 1993-1994, Executive Summary", AHERF. Exhibit 871.
27. "Delaware Valley Planning Initiative Assessment of Internal Environment", AHERF. SA038.9-.33.
28. "Healthcare Delivery and Financing Progress Report, AHERF, March 1995". JD-SA-0000853-867.

Documents (continued)

29. 1997 AHERF-E Financial Reporting Summary, July 17, 1996. PR-SEC-00979.
30. AEHRF Board of Trustees Annual Reports, 1995-1997.
31. AHERF audited financial statements, 1990-1997.
32. AHERF Board of Trustees minutes: December 16, 1994, December 14, 1995, March 27, 1997, April 10, 1997.
33. AHERF Board of Trustees Retreat, April 5, 1997, Board Book, Market Analysis, SA1812. Exhibit 723.
34. AHERF Executive Committee minutes: April 29, 1996, October 7, 1996, October 17, 1996, February 9, 1998, May 14, 1998, June 5, 1998, June 13, 1998, June 20, 1998, June 26, 1998, July 17, 1998, October 1, 1998, October 27, 1998
35. AHERF Finance Committee minutes: October 15, 1993, December 17, 1993, April 8, 1994, June 27, 1994, October 10, 1994, April 3, 1995, June 23, 1995, December 4, 1995, June 10, 1996, December 2, 1996, March 14, 1997, June 20, 1997, October 30, 1997 ; Carol Gordon Notes: October 1994, April 3, 1995, June 23, 1995, June 10, 1996, December 2, 1996, March 14, 1997, June 20, 1997, October 30, 1997
36. AHERF Financial Reporting Summary, June 1997. DB-CM-10-00370.
37. AHERF letter to Pennsylvania Governor Ridge, December 2, 1997.
38. AHERF Managed Care Status reports, DM209.TIF, pp. 1-67.
39. AHERF Official Statements March 9, 1995, May 30, 1996 and June 13, 1996.
40. AHERF risk sharing agreements: Keystone, DC7474 pp. 1-19; HealthAmerica, COV0744-0795 and COV0844-0995; and USHealthCare, DB-CM-02-00108-00377.
41. AIHG Board of Trustee Board Books, 1994-1998.
42. Annual Meeting of the Board of Trustees, MCP and HUHS, December 14, 1995 Board Book, Health Care Delivery and Financing, Progress Report, December 1995 Executive Summary. DBR-LI0019948-20384.
43. Coopers & Lybrand AHERF Management Comment Letters, FYE 1995-1997.
44. Coopers & Lybrand FY1996 trial balance, CL010979-CL011595.
45. Due Diligence Material Related to Acquisition of the United Hospitals.
46. DVOG net patient revenue, CL010584-010585; DVOG adjustments to accounts receivable, CL010553 - 010555; FY1996 DVOG financial statements, CL 010463-010487.
47. Exhibit 1672.
48. Exhibit 901.
49. FY1996 Budget Book. PR-RA 00418-00576.
50. FY1997 Budget Book. PR-RA 00577-00715.
51. FY1998 Budget Book. PR-RA 00716-00878.
52. June 30, 1997 Year-End AHERF Financial Reporting Summary. DB-CM-10-00311.
53. June 30, 1998 AHERF Patient Financial Services Report. TN RC033 04865.
54. Memo from Joseph Scharf to Kelly Mertz. PR-DLC-160-02768-88.
55. Memorandum from Daniel Cancelmi, Senior Director, Corporate Accounting and Financial Reporting to Al Adamezak, December 1, 1997. DBR-AA8461-62.
56. Memorandum from Stephen H. Spargo, Senior Vice President, Corporate Support Services for AHERF to Sherif Abdelhak and David W. McConnell, March 19, 1996. Exhibit 271.
57. Secondary Market Disclosure Reports, 1992-1997.

58. Special Meeting of the Board of Trustees of AHERF, September 16, 1996 Board Book, 10 Year Self Assessment Report – Hospital System / AIHG. Exhibit 1988.

Publicly Available Reports

59. "A Report on Welfare Reform in Pennsylvania at the One Year Mark March 3, 1998", Philadelphia Unemployment Project, Executive Summary.
60. "Allegheny: What Happened and Why", paper published at the 1999 Annual Meeting of the American Health Lawyers by Howard A. Burde, Esq., Deputy General Counsel of the Governor's Office of General Counsel, June 27-30, 1999, Chicago, IL.
61. "Financial Performance of Academic Health Center Hospitals, 1994-2000", published by The Commonwealth Fund, September 2002.
62. "Health Care after Welfare: An Update of Findings from State-Level Leaver Studies", Jocelyn Guyer, Center on Budget and Policy Priorities, August 16, 2000.
63. "History of Mandatory Coverage & Medical Liability Reform in the 1990s", Pennsylvania Medical Society.
64. "The AHERF Bankruptcy and its Aftermath: Implications for Managers and Trustees, Part 1", Cain Brothers, published in Strategies in Capital Finance, Summer 1999, Volume 27.
65. "The Fall of the House of AHERF: The Allegheny Bankruptcy" written by Lawton R. Burns, John Cacciamani, James Clement and Welman Aquino in the January/February edition of Health Affairs, vol. 19, no. 1.
66. "The Impact of the Medicare Balanced Budget Refinement Act on Medicare Payments to Hospitals", American Hospital Association, February 1, 2000 (i.e., Lewin Report).
67. "Welfare Reform – Less Than Meets the Eye" Michael Tanner, Policy Analysis No. 473, April 1, 2003, The Cato Institute.
68. Delaware Valley Healthcare Council, Environmental Assessment, 1999 Update Executive Summary and Report.
69. Federal Register.
70. Gartner Group Healthcare Market Overview, June 1, 1999.
71. Greater Philadelphia's Challenge: Capitalizing on Change in the Regional Health Care Economy, Pennsylvania Economy League, Inc., February 1996.
72. Medicaid in Pennsylvania", Peg J. Dierkers, Deputy Secretary for Medical Assistance Programs, Department of Public Welfare, March 2000.
73. Medical Assistance Bulletin, Commonwealth of Pennsylvania, Department of Public Welfare, No. 99-96-05, June 14, 1996.

Data

74. American Hospital Association Guide to Hospitals, 1994-1997.
75. American Hospital Directory, on-line subscription, various years.
76. Center for Medicare Services, AHERF-E hospital costs reports and cost report data, various years.
77. Data from American Association of Health Plans.
78. Data from Pennsylvania Department of Health, Division of Health Statistics, 1994-1998.
79. Data from Pennsylvania State Data Center, 1995-1999.
80. HCA 10-K reports, 1996-2000.

Data (continued)

81. HCRIS Medicare Cost Report data files, various years.
82. Pennsylvania Health Care Cost Containment Council, Hospital Financial summary reports, various years.
83. Published article from American College of Physicians.
84. Published article from Graduate School of Business Stanford University.
85. Published article from Pennsylvania Medical Society.
86. Published article from Robert Wood Johnson Foundation.
87. Published article from The Council of State Governments.
88. Tenet 10-K reports, 1996-2000.
89. The Almanac of Hospital Financial and Operating Indicators, 1998-1999, Center for Healthcare Industry Performance Studies ('CHIPS').
90. The Almanac of Hospital Financial and Operating Indicators, Volume 1, 1997, University HealthSystem Consortium.
91. The BBA and a Guide to Hospital Performance, HCIA, 1999.
92. The Comparative Performance of U.S. Hospitals, The 2001 Sourcebook, and The 2003 Sourcebook, Solucient.
93. The Hospital Accounts Receivable Analysis, 1996 and 1997.

Articles and Publications

94. Various news periodicals and journal publications:
 - i. American Association of the Advancement of Science
 - ii. Daily Pennsylvanian
 - iii. Financial Practice and Education
 - iv. Harvard Business Review
 - v. Health Affairs
 - vi. Healthcare Purchasing News
 - vii. Journal of Finance
 - viii. Journal of Finance and Economics
 - ix. Journal of the American Medical Association
 - x. Medical Economics
 - xi. Medical Industry Today
 - xii. Modern Healthcare
 - xiii. Moody's Investor Services
 - xiv. Philadelphia Business Journal
 - xv. Philadelphia Inquirer
 - xvi. Physician News Digest
 - xvii. Pittsburgh Business Times
 - xviii. Pittsburgh Post-Gazette
 - xix. PR Newswire
 - xx. The Review of Financial Studies
 - xxi. University of California Santa Barbara publications.